



Testimony

Before the Subcommittee on Health,  
Committee on Veterans' Affairs, House  
of Representatives

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## VETERANS HEALTH ADMINISTRATION

### Actions Needed to Better Recruit and Retain Clinical and Administrative Staff

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Issues

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# GAO Highlights

Highlights of [GAO-17-475T](#), a testimony before the Subcommittee on Health, Committee on Veterans' Affairs, House of Representatives.

## Why GAO Did This Study

VHA's ability to attract, hire, and retain top talent is critical to its mission to provide quality and timely care for our nation's veterans. GAO's prior work has found that VHA faces long-standing, systemic human capital challenges that limit its ability to improve delivery of health care services to veterans.

This statement is based on GAO reports issued between September 2015 and December 2016 and discusses (1) the difficulties VHA is facing in recruiting and retaining staff for key clinical positions; and (2) VHA's capacity to perform key HR functions essential to addressing these difficulties.

To conduct these studies, GAO reviewed VHA policies, directives, and other documents; analyzed VHA data; applied relevant federal internal control standards; and interviewed VA and VHA officials and staff in headquarters offices, as well as in eight VHA medical centers across the country.

## What GAO Recommends

GAO previously made three recommendations to VA aimed at improving oversight of nurse recruitment and retention initiatives and seven recommendations directed at strengthening VHA's HR capacity. VA concurred with GAO's recommendations and is taking steps to implement them. GAO will monitor VA's progress.

March 22, 2017

## VETERANS HEALTH ADMINISTRATION

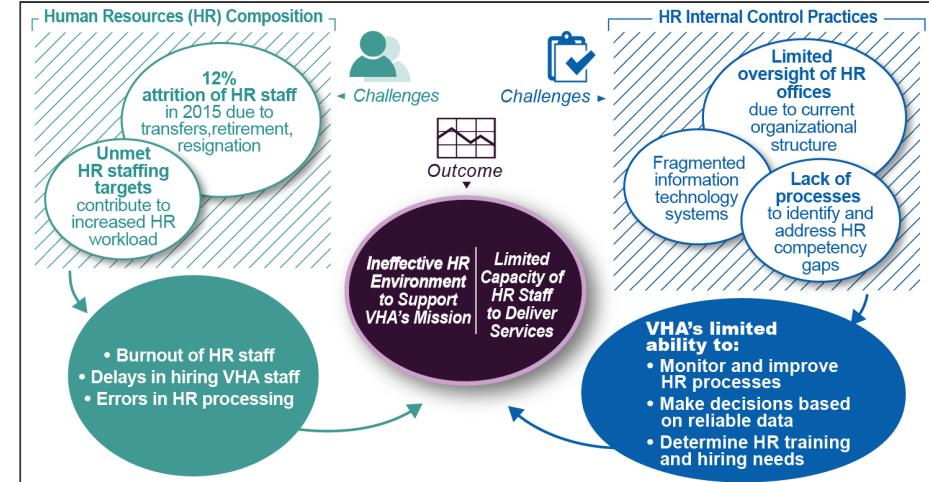
### Actions Needed to Better Recruit and Retain Clinical and Administrative Staff

## What GAO Found

Challenges in recruiting and retaining both clinical and human resources (HR) employees along with weak HR-related internal control practices are undermining the Department of Veterans Affairs' (VA) Veterans Health Administration's (VHA) ability to meet the health care needs of veterans.

- In July 2016, GAO found that VHA losses in its 5 clinical occupations with the largest staffing shortages, including physicians, registered nurses, and psychologists, increased from about 5,900 employees in fiscal year 2011 to about 7,700 in fiscal year 2015. Voluntary resignations and retirements were the primary drivers. VHA's exit survey indicated that advancement issues or dissatisfaction with certain aspects of the work were commonly cited as the primary reasons people left.
- In September 2015, GAO found that VHA had multiple initiatives to recruit and retain its nurse workforce, but three of the four VA medical centers GAO reviewed faced challenges offering the initiatives due to, for example, a lack of sufficient HR support and competition with private sector medical facilities. GAO also found that VHA had not evaluated the training resources provided to nurse recruiters at VA medical centers. As a result, VHA is unable to determine to what extent its nurse recruitment and retention initiatives are effective and whether VHA has an adequate and qualified nurse workforce to meet veterans' health care needs.
- In December 2016, GAO found that VHA's limited HR capacity combined with weak internal control practices undermined VHA's HR operations and its ability to improve delivery of health care services to veterans.

#### Long-standing, Systemic Human Capital Challenges Limit the Veterans Health Administration's (VHA) Ability to Effectively Manage and Deliver Human Resources Services



Source: GAO analysis of Veterans Health Administration data. | GAO-17-475T

VA has exempted 108 clinical and administrative occupations from the recent hiring freeze; however, HR occupations are not among the exempt positions. A prolonged freeze could further erode VHA's capacity to provide HR services such as recruiting and hiring of staff who provide medical care to veterans.

View [GAO-17-475T](#). For more information, contact Robert Goldenkoff at (202) 512-2757 or [goldenkoffr@gao.gov](mailto:goldenkoffr@gao.gov) or Debra A. Draper at (202) 512-7114 or [draperd@gao.gov](mailto:draperd@gao.gov).

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Chairman Wenstrup, Ranking Member Brownley, and Members of the Subcommittee:

Thank you for the opportunity to participate in today's hearing on the ability of the Department of Veterans Affairs' (VA) Veterans Health Administration (VHA) to recruit and retain high-quality clinical and administrative employees.

VHA operates one of the largest health care systems in the country. As of fiscal year 2015, it included about 317,000 employees in Veterans Integrated Service Networks (VISN) overseeing 168 medical centers and more than 1,000 outpatient facilities.<sup>1</sup> VHA provided care to about 6.7 million veterans in fiscal year 2015 and the demand for its services is expected to grow in the coming years due, in part, to service members returning from the United States' military operations in Afghanistan and Iraq and the growing needs of an aging veteran population. Attracting, hiring, and retaining top talent is critical to VHA's mission to provide quality and timely care for our nation's veterans.

According to a June 2016 evaluation by the Commission on Care, VHA provides health care that is, in many ways, comparable or better in clinical quality to that generally available in the private sector.<sup>2</sup> Still, the care is inconsistent from facility to facility. Our prior work has described the human capital challenges facing VHA, including difficulties ensuring it has the appropriate clinical and administrative workforce to meet the current

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<sup>1</sup>VHA organizes its system of care into regional networks called VISNs. Each VISN is responsible for managing and overseeing VA medical centers within a defined geographic area and reporting to the Deputy Under Secretary for Health for Operations and Management within VHA's central office. In October 2015, VHA began realigning its VISN network, which included merging several VISNs; when complete, this realignment will decrease the number of VISNs from 21 to 18. See GAO, *VA Health Care: Processes to Evaluate, Implement, and Monitor Organizational Structure Changes Needed*, GAO-16-803 (Washington, D.C.: Sept. 27, 2016).

<sup>2</sup>In an effort to help VA address various management weaknesses, Congress enacted the Veterans Access, Choice, and Accountability Act of 2014, also known as the Choice Act (Pub. L. No. 113-146, 128 Stat. 1754 (August 7, 2014)) (hereafter, Choice Act), as amended by Pub. L. No. 113-175, 128 Stat. 1901 (Sept. 26, 2014) (Department of Veterans Affairs Expiring Authorities Act of 2014). Among other things, the Choice Act established the Commission on Care. This independent entity evaluated veterans' access to VA health care and assessed how veterans' care should be organized and delivered during the next 20 years.

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and future needs of veterans.<sup>3</sup> In February 2015, we added managing risks and improving veterans' health care to our list of federal high-risk areas, and we continue to be concerned about VA's ability to ensure its resources are being used cost-effectively and efficiently to improve veterans' timely access to health care and to ensure the quality and safety of that care.<sup>4</sup>

Our remarks today will focus on (1) the difficulties VHA is facing in recruiting and retaining staff for key clinical positions, and (2) VHA's capacity to perform key human resources (HR) functions needed to address those difficulties. As requested, we will also discuss the implications of the recently imposed federal hiring freeze on VHA's staffing levels and ability to meet its mission.

Our bottom line is that recruitment challenges and turnover among clinical and HR employees are threatening VHA's ability to meet the health care needs of our nation's veterans. In addition, VHA's weak HR-related internal control practices have undermined its HR operations and its ability to effectively support its mission. Going forward, management attention—beginning with the recently confirmed VA Secretary—and continued strong congressional oversight will be needed to address those challenges.

This testimony is based on our recent work.<sup>5</sup> For those studies, among other things, we reviewed key documents such as VHA directives, policies, and guidance; analyzed VHA employment and attitudinal data; reviewed applicable federal internal control standards; and interviewed knowledgeable officials from VHA and VA in both headquarters offices, as well as in eight VA medical centers across the country selected for such attributes as facility complexity and rural versus urban location. Our reports provide further details on our scope and methodology.

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<sup>3</sup>See, for example, GAO, *Veterans Health Administration: Management Attention Is Needed to Address Systemic, Long-standing Human Capital Challenges*, GAO-17-30 (Washington, D.C.: Dec. 23, 2016); *Veterans Health Administration: Personnel Data Show Losses Increased for Clinical Occupations from Fiscal Year 2011 through 2015, Driven by Voluntary Resignations and Retirements*, GAO-16-666R (Washington, D.C.: July 29, 2016); and *VA Health Care: Oversight Improvements Needed for Nurse Recruitment and Retention Initiatives*, GAO-15-794 (Washington, D.C.: Sept. 30, 2015).

<sup>4</sup>GAO, *High-Risk Series: An Update*, GAO-15-290 (Washington, D.C.: Feb. 11, 2015).

<sup>5</sup>GAO-17-30, GAO-16-666R, and GAO-15-794.

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The work on which this statement is based was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Background

VHA's health care mission is broad in that it provides veterans with a wide range of health care services. These services include primary care and surgery and unique specialized care, such as treatment for post-traumatic stress disorder, traumatic brain injury, and readjustment counseling. VHA is also a leader in medical research and the largest provider of health care training in the United States.<sup>6</sup> As such, each medical center hires employees in a wide range of clinical and administrative professions, from nurses and physicians to hospital administrators, police, and housekeepers.<sup>7</sup> These employees are covered by three types of personnel systems:<sup>8</sup>

- Title 5 of the U.S. Code (Title 5): The majority of federal employees across the government are hired under the authority of Title 5; at VHA, employees under this personnel system hold positions such as police officers, accountants, and HR management.<sup>9</sup>
- Title 38 of the U.S. Code (Title 38): VA's separate personnel system for appointing medical staff including physicians, dentists, and registered nurses. These appointments are made based on an individual's qualifications and professional attainments in accordance

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<sup>6</sup>According to VHA, the department provides clinical traineeships and fellowships to more than 100,000 students in more than 40 professions each year.

<sup>7</sup>In 2015, VHA had about 54,000 registered nurses, 19,000 physicians, 1,000 dentists, and 81,000 other staff including, among others, medical support assistants, administrative staff, and police.

<sup>8</sup>In this testimony, for ease of comprehension, we refer to the respective personnel systems by the terms that VA uses, which loosely correspond to the applicable codification in the U.S. Code which authorizes those personnel systems.

<sup>9</sup>Title 5 of the U.S. Code provides the authority for government organization and employees.

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with standards established by VA's Secretary.<sup>10</sup>

- Title 38-Hybrid: Employees under this personnel system hold positions such as respiratory, occupational, or physical therapists; social workers; and pharmacists. This system combines elements of both Title 5 (such as for performance appraisal, leave, and duty hours) and Title 38 (such as for appointment, advancement, and pay).<sup>11</sup>

Each of these personnel systems has different requirements (and flexibilities) related to recruitment and hiring, performance management, and other areas served by VHA's HR staff.

VHA's HR functions are decentralized. Each of VHA's VISNs has an HR office that oversees the medical center-level HR offices within its network. In general, each VA medical center has its own HR office led by an HR officer. Individual HR offices are responsible for managing employee recruitment and staffing, employee benefits, compensation, employee and labor relations, and overseeing the annual employee performance appraisal process. Medical center HR offices also provide HR services to employees at VHA's community-based living centers, rehabilitation centers, and outpatient centers. VHA's HR staff are classified as either an HR specialist, who manages, supervises, and delivers HR products and services; or an HR assistant, who provides administrative support to HR specialists.

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<sup>10</sup>Title 38 of the U.S. Code provides the authority for veterans' benefits and includes provisions which cover certain employees of the VA.

<sup>11</sup>The appointing authority for employees under Title 38 and Title 38-Hybrid differ. Title 38 employees are appointed under the authority of 38 U.S.C. § 7401 and Title 38-Hybrid employees are appointed under the authority of 38 U.S.C. §§ 7403 or 7405.

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## Attrition in Clinical Positions Driven by Voluntary Resignations and Retirements

VHA Losses for the 5 Occupations with the Largest Shortages Increased from Fiscal Year 2011 through 2015

In our 2016 report on VHA clinical employee retention,<sup>12</sup> we noted that in 2015 VHA had about 195,900 clinical employees in 45 types of occupations.<sup>13</sup> To meet the growing demand for care, VHA implemented a number of targeted hiring initiatives, such as a mental health hiring initiative, which brought on about 5,300 staff nationwide from 2012 to 2013.

Despite these hiring efforts, we and others have expressed concerns about VHA's ability to ensure that it has the appropriate clinical workforce to meet the current and future needs of veterans, due to factors such as national shortages and increased competition for clinical employees in

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<sup>12</sup>GAO-16-666R.

<sup>13</sup>The 195,000 clinical employees are employed specifically in the VHA occupations covered by 38 U.S.C § 7401—a specific section of law that provides VHA with the authority to hire clinical employees. This number does not include employees of the veteran canteen service, the VHA central office, health care providers who provided services through contracts, or medical residents or trainees that were intermittently employed or in non-pay status. This number does include some types of trainees, such as interns and post-doctoral fellows. For fiscal year 2016, VHA changed the occupations counted as clinical employees to not include occupations that were in the process of being moved to Title 38 positions, but had not completed that transition. If VHA had used this method to estimate clinical employees in fiscal year 2015, the number would have been reduced by about 4,200 employees.

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hard-to-fill occupations.<sup>14</sup> VHA officials have expressed concern with their hiring capabilities since 2014, when a well-publicized series of events called into question the ability of veterans to gain timely access to care from VHA.<sup>15</sup>

Our 2016 report found that for the 5 VHA clinical occupations with the largest staffing shortages (as identified by the VA Office of Inspector General in January 2015), the number of employees that VHA lost increased each year, from about 5,900 employees in fiscal year 2011 to about 7,700 in fiscal year 2015 (the 5 occupations were physicians, registered nurses, physician assistants, psychologists, and physical therapists).<sup>16</sup> This attrition accounted for about 50 percent of VHA's total losses across all clinical occupations during this period. We found a similar trend for all clinical occupations across VHA—losses increased annually during this period. (See table 1).

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<sup>14</sup>See GAO, *VA Primary Care: Improved Oversight Needed to Better Ensure Timely Access and Efficient Delivery of Care*, GAO-16-83 (Washington, D.C.: Oct. 8, 2015); *VA Mental Health: Clearer Guidance on Access Policies and Wait-Time Data Needed*, GAO-16-24 (Washington, D.C.: Oct. 28, 2015); *VA Health Care: Oversight Improvements Needed for Nurse Recruitment and Retention Initiatives*, GAO-15-794 (Washington, D.C.: Sept. 30, 2015); *VA Health Care: Actions Needed to Ensure Adequate and Qualified Nurse Staffing*, GAO-15-61 (Washington, D.C.: Oct. 16, 2014); Department of Veterans Affairs Office of the Inspector General, Veterans Health Administration, *Audit of Physician Staffing Levels for Specialty Care Services*, 11-01827-36 (Washington, D.C.: Dec. 27, 2012), and Department of Veterans Affairs Office of the Inspector General, OIG *Determination of Veterans Health Administration's Occupational Staffing Shortages*, 15-00430-103 (Washington, D.C.: Jan. 30, 2015).

<sup>15</sup>In 2014, news outlets began reporting about extended wait times for veteran appointments at VHA medical facilities. Subsequent investigations by us, the VA Office of Inspector General (OIG), and others substantiated allegations of extended wait times and we found that VHA employees responsible for scheduling appointments at certain facilities engaged in inappropriate practices to make wait times appear more favorable.

<sup>16</sup>The VA OIG reviewed VHA data on occupational attrition rates and vacancies and facilities' rankings of occupations for which they have a critical need. The VA OIG then weighted these rankings based on additional factors, such as the total number of facilities that ranked an occupation as a critical need.

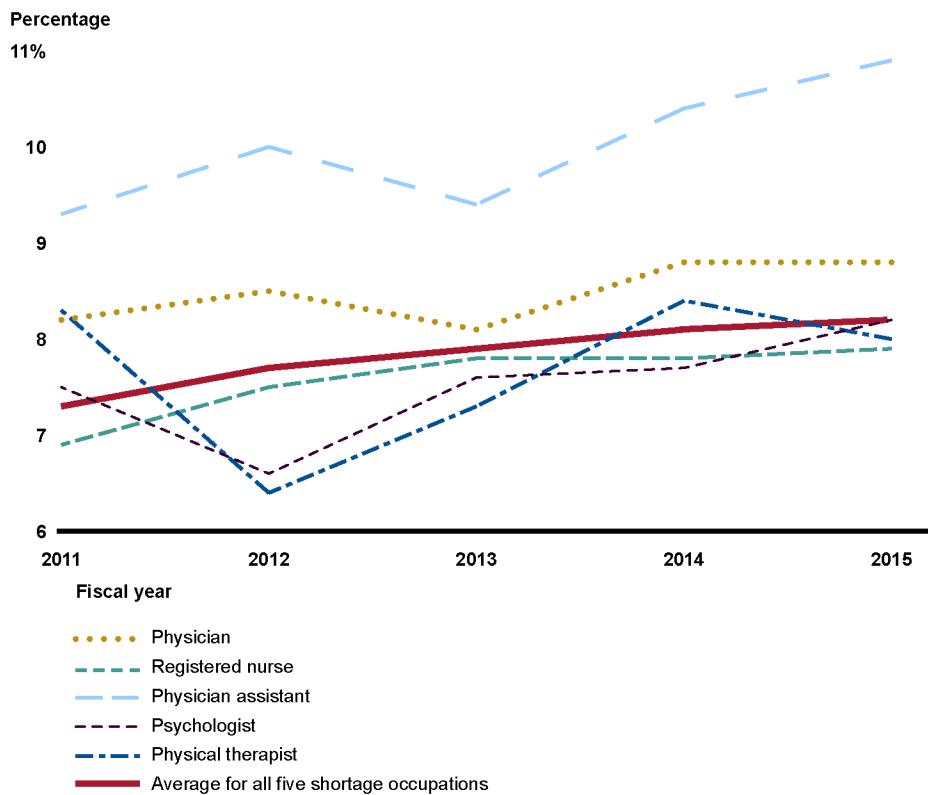
**Table 1: Number of Employees, Losses, and Loss Rate for the Five Shortage and All Clinical Occupations at VHA, Fiscal Year 2011 through 2015**

	2011	2012	2013	2014	2015
<b>Five shortage occupations</b>					
Total number of employees lost	5,897	6,332	6,726	7,254	7,734
Average number of employees	80,420	81,892	85,299	89,460	94,109
Loss rate (percent)	7.3	7.7	7.9	8.1	8.2
<b>All clinical occupations</b>					
Total number of employees lost	11,843	12,588	13,523	14,788	15,901
Average number of employees	162,809	167,344	177,315	185,962	195,914
Loss rate (percent)	7.3	7.5	7.6	8.0	8.1

Source: GAO analysis of Veterans Health Administration (VHA) personnel data. | GAO-17-475T

From fiscal year 2011 through 2015, occupation loss rates for each of the 5 shortage occupations varied annually, though most saw an overall increase in losses during this period (see figure 1). Physician assistants consistently had the highest loss rate among the 5 shortage occupations. The loss rate for physician assistants increased from 9.3 to 10.9 percent during this period. The loss rate for physical therapists decreased from fiscal year 2011 to 2012 (from 8.3 to 6.4 percent), but then increased to 8.0 percent in fiscal year 2015.

**Figure 1: Loss Rates for Each of the Five Shortage Occupations, Fiscal Years 2011 through 2015**



Source: GAO analysis of Veterans Health Administration personnel data. | GAO-17-475T

In addition to our review of VHA's 5 shortage occupations, we also identified the 10 clinical occupations within VHA with the highest loss rates as of fiscal year 2015 (they were physician assistant, medical support assistant, medical supply aide and technician, optometrist, nursing assistant, medical records technician, health technician (optometry), physician, practical nurse, and medical records administration). The loss rates for these 10 occupations also varied (ranging from 5.3 percent to 10.9 percent each year from fiscal years 2011 through 2015). We found that 2 of the 5 shortage occupations—physician assistants and physicians—were among this group of the 10 highest loss-rate occupations each year from fiscal year 2011 through 2015.

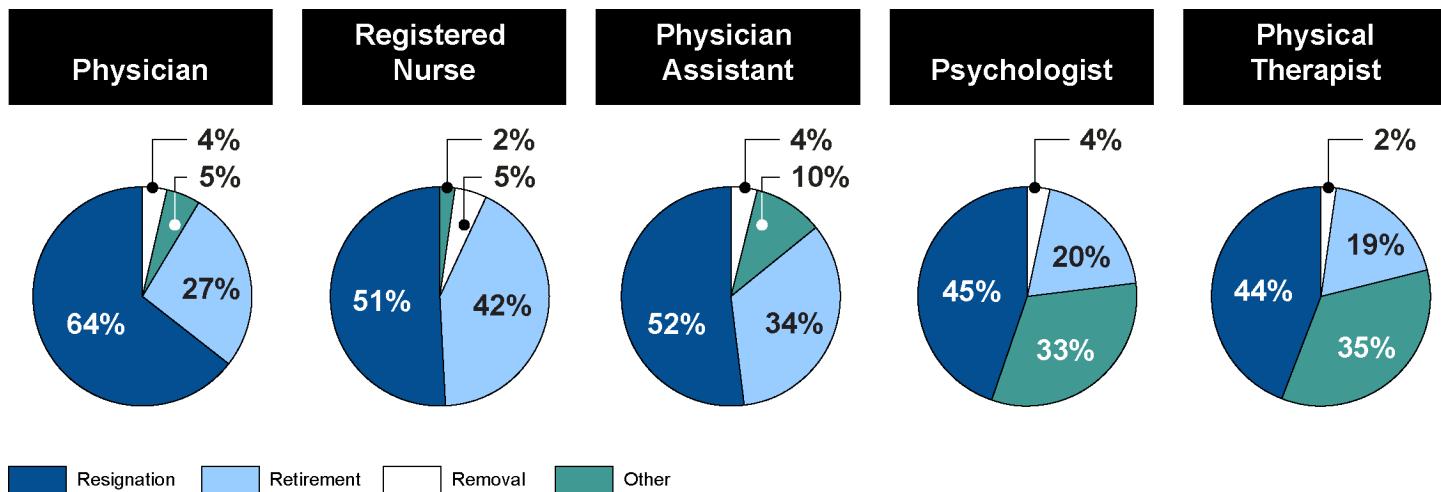
Additionally, 2 other occupations—medical support assistants and nursing assistants—were also consistently among this group of the 10 highest

loss-rate occupations each year during this period.<sup>17</sup> The 6 remaining occupations were technical positions that were generally small in overall number, such as medical supply aides and technicians. According to VHA HR officials, employees in these occupations generally do not require specialized education or licensing; thus, they tend to be more easily replaced than those in the 5 shortage occupations.

## Voluntary Resignations and Retirements Were the Primary Drivers of VHA Losses, though Reasons Differed for Some Occupations

According to VHA's personnel data, voluntary resignations and retirements accounted for about 90 percent of VHA's losses from the 5 shortage occupations annually from fiscal year 2011 through fiscal year 2015 (see figure 2).<sup>18</sup>

Figure 2: Reasons Employees Left the Five Shortage Occupations, 5-Year Average for Fiscal Years 2011 through 2015



Source: GAO analysis of Veterans Health Administration personnel data. | GAO-17-475T

Notes: Resignations include employees who quit and voluntarily transferred to other government agencies. Retirement includes voluntary retirements and retirements due to disability or special situations, such as voluntary early retirement. Removals include terminations that occurred during a

<sup>17</sup> Medical support assistants schedule veterans' appointments and thus play a critical role in ensuring veterans' access to care and nursing assistants attend to basic patient needs and support other nursing staff.

<sup>18</sup> Resignations include employees who quit and voluntarily transferred to other government agencies. Retirement includes voluntary retirements and retirements due to disability or special situations, such as voluntary early retirement.

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probationary period and removals due to adverse actions. Other reasons employees may depart VHA include death; separations due to a reduction in force (layoffs) or an employee entering into a uniformed service; and expirations of nonpermanent, time-limited appointments, including trainees, such as interns or post-doctoral fellows.

Totals may exceed 100 percent due to rounding.

The percent of losses due to voluntary resignations from the 5 shortage occupations averaged 54 percent during this period, and retirements averaged 36 percent. However, for some occupations, voluntary resignations and retirements accounted for a smaller proportion of employee losses. For example, for physical therapists and psychologists, the resignation rate averaged about 44 percent and retirement averaged about 19 percent during the 5-year period. In these occupations, other reasons—primarily expiration of their appointments—averaged about 35 and 33 percent of losses, respectively. According to VHA officials, expirations of appointments occur when a nonpermanent, time-limited appointment ends due to the expiration of the work or the funds available for the position. For physical therapists and psychologists, the use of trainees, such as interns or post-doctoral fellows, accounted for the majority of losses due to expirations of appointments. Removals accounted for a small proportion (5 percent or less, on average) of losses in each of these 5 occupations.<sup>19</sup>

Voluntary resignations and retirements accounted for 84 percent of VHA's losses from the 10 occupations with the highest loss rates annually from fiscal year 2011 through fiscal year 2015. The percentage of losses due to voluntary resignations from these 10 occupations averaged about 55 percent during this period and retirements averaged 30 percent.

The following summarizes the reasons for leaving VHA cited by exit survey respondents in the 5 shortage occupations:<sup>20</sup>

- 28 percent said opportunities to advance and 21 percent said that dissatisfaction with certain aspects of the work, such as concerns about management and obstacles to getting the work done, was the

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<sup>19</sup>Removals include terminations that occurred during a probationary period and removals due to adverse actions.

<sup>20</sup>VHA's exit survey is offered to employees who voluntarily resign or retire. The response rate for the 5 shortage occupations averaged about 30 percent over the past 5 years. For each question, some respondents may have opted not to respond or provided a response other than what is summarized here. Percentages are approximate.

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primary reason they were leaving. Other than retirement, these were the most commonly cited reasons.<sup>21</sup>

- 71 percent said that a single event generally did not cause them to think about leaving, while 28 percent reported that it did.
- 65 percent were generally satisfied with their jobs over the past year, while 25 percent reported that they were not.
- 50 percent indicated that they were generally satisfied with the quality of senior management, while 31 percent were not.
- 69 percent said that their supervisors did not try to change their minds about leaving, while 30 percent reported that they did.
- 73 percent felt that their immediate supervisors treated them fairly at work, while 15 percent reported that they did not.
- 67 percent felt that they were treated with respect at work, while 19 percent reported they were not.
- 50 percent reported that one or more benefits would have encouraged them to stay, such as alternative or part-time schedules (25 percent) or student loan repayment or tuition assistance (12 percent), among others.<sup>22</sup>

VHA's exit survey results were similar for respondents from the 10 occupations with the highest loss rates to those in the 5 shortage occupations. For example, respondents from these 10 occupations also said that advancement issues (34 percent) and dissatisfaction with certain aspects of the work (20 percent) were among their primary reasons for leaving. Additionally, the majority said that a single event generally did not cause them to think about leaving (71 percent) and about 47 percent reported that one or more benefits would have encouraged them to stay, such as an alternative or part-time schedule (22 percent) or student loan repayment or tuition assistance (12 percent), among others.

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<sup>21</sup>We grouped like responses together to create these categories. For example, we aggregated the number of responses for "advancement—lack of opportunity within VHA" and "advancement—unique opportunity elsewhere" into a single category, "advancement."

<sup>22</sup>Exit survey respondents were instructed to either select all benefits that may have encouraged them to stay or to select "no benefits would have helped." Of the 9,623 employees from the 5 shortage occupations who completed an exit survey from fiscal years 2011 through 2015, about 60 percent (5,830) reported that no benefits would have helped encourage them to stay. Because respondents who did not select "no benefit would have helped" could select more than one response, the responses by the different benefit categories are not mutually exclusive.

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## Oversight Improvements Needed for Nurse Recruitment and Retention Initiatives

We and others have highlighted the need for an adequate and qualified nurse workforce to provide quality and timely care to veterans. As we have previously reported, it is particularly difficult to recruit and retain nurses with advanced professional skills, knowledge, and experience, which is critical given veterans' needs for more complex specialized services.

In our 2015 report—which included staff interviews at four medical centers—we found that VHA had multiple system-wide initiatives to recruit and retain its nurse workforce, but three of the four VA medical centers in our review faced challenges offering them.<sup>23</sup> VHA identified a number of key initiatives it offered to help medical centers recruit and retain nurses, which focused primarily on providing (1) education and training, and (2) financial benefits and incentives. VA medical centers generally had discretion in offering these initiatives.

The four medical centers in our review varied in the number of initiatives they offered, and three of these medical centers developed local recruitment and retention initiatives in addition to those offered by VHA. While three of the four medical centers reported VHA's initiatives improved their ability to recruit and retain nurses, they also reported challenges. The challenges included insufficient HR support for medical centers, competition with private sector medical facilities, a reduced pool of advanced training nurses in rural locations, and employee dissatisfaction.

In our 2015 report we also found that VHA provided limited oversight of its key system-wide nurse recruitment and retention initiatives. Specifically, VHA conducted limited monitoring of medical centers' compliance with its initiatives. For example, in the past, VHA conducted site visits in response to a medical center reporting difficulty with implementation of one of its initiatives and to assess compliance with program policies, but VHA stopped conducting these visits. Consistent with federal internal control standards, monitoring should be ongoing and should identify performance gaps in a policy or procedure. With limited monitoring, VHA lacks assurance that its medical centers are complying with its nurse recruitment and retention initiatives, and that any problems are identified and resolved in a timely and appropriate manner.

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<sup>23</sup> GAO-15-794.

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In addition, VHA has not evaluated the training resources provided to nurse recruiters at VA medical centers or the overall effectiveness of the initiatives in meeting its nurse recruitment and retention goals, or whether any changes are needed. Consistent with federal internal control standards, measuring performance tracks progress toward program goals and objectives and provides important information to make management decisions and resolve any problems or program weaknesses. For example, we found that VHA did not know whether medical centers had sufficient training to support nurse recruitment and retention initiatives. In particular, VHA did not provide face-to-face training specifically for nurse recruiters, but regular training was available to those assigned to a HR office as part of training available to all HR staff.

Representatives from a national nursing organization reported that clinical nurse recruiters at VA medical centers often feel less prepared for the position than those assigned to HR offices, but VHA has not evaluated this disparity or its effects. Without evaluations of its collective system-wide initiatives, VHA is unable to determine how effectively the initiatives are meeting VHA policies and the provisions of the Veterans Access, Choice, and Accountability Act. Nor can VHA ultimately determine whether it has an adequate and qualified nurse workforce at its medical centers that is sufficient to meet veterans' health care needs.

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#### VA Has Exempted 108 VHA Occupations from the Hiring Freeze

On January 23, 2017, the administration issued an across-the-board 90-day hiring freeze applicable to federal civilian employees in the executive branch.<sup>24</sup> As of January 22, 2017, no existing vacant positions could be filled and no new positions could be created. The memorandum stated that the head of any executive department or agency may exempt from the hiring freeze positions that it deems necessary to meet national security or public safety responsibilities.

In accordance with the memorandum, as of mid-March, VA has exempted 108 VHA occupations from the freeze because they were necessary to meet VA's public safety responsibilities. They included the 5 shortage

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<sup>24</sup>The White House, *Memorandum of January 23, 2017 on the Federal Civilian Employee Hiring Freeze*, Daily Comp. Pres. Docs. 2017 No. 00062, p.1, 82 Fed. Reg. 8493 (Jan. 25, 2017). Within 90 days of the date of the memorandum, the Director of the Office of Management and Budget, in consultation with the Director of the Office of Personnel Management, are to recommend a long-term plan to reduce the size of the of the federal workforce through attrition.

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occupations noted earlier (physician, registered nurse, physician assistant, psychologist, and physical therapist), as well as, for example, pharmacist, medical records technician, chaplain, and security guard.

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## **VHA Needs to Strengthen Its HR Capacity to Better Serve Veterans**

### **Attrition of VHA's HR Staff and Unmet Staffing Targets Undermine VHA's HR Capacity**

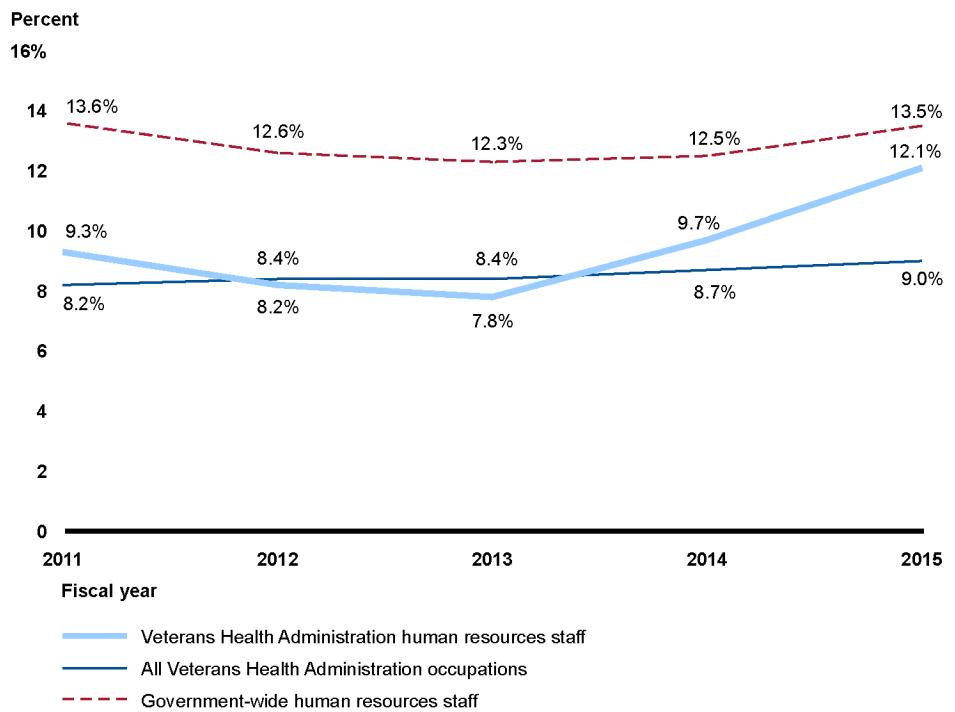
The recruitment and retention challenges VHA is experiencing with its clinical workforce are due, in part, to VHA's limited HR capacity, including (1) attrition among its HR employees and unmet staffing targets, and (2) weak HR-related internal control functions. Until VHA strengthens its HR capacity, it will not be positioned to effectively support its mission.

In our December 2016 report on VHA's HR capacity, we found that attrition of HR staff grew from 7.8 percent (312 employees) at the end of fiscal year 2013 to 12.1 percent (536 employees) at the end of fiscal year 2015.<sup>25</sup> In comparison, attrition for all VHA employees was generally consistent during the same period, from 8.4 percent in fiscal year 2013 to 9 percent at the end of fiscal year 2015 (see figure 3).

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<sup>25</sup> GAO-17-30.

**Figure 3: Attrition for Veterans Health Administration Human Resources Staff Has Increased Since Fiscal Year 2013**



Source: Department of Veterans Affairs Personnel and Accounting Integrated Data and Office of Personnel Management data, fiscal years 2011-2015. | GAO-17-475T

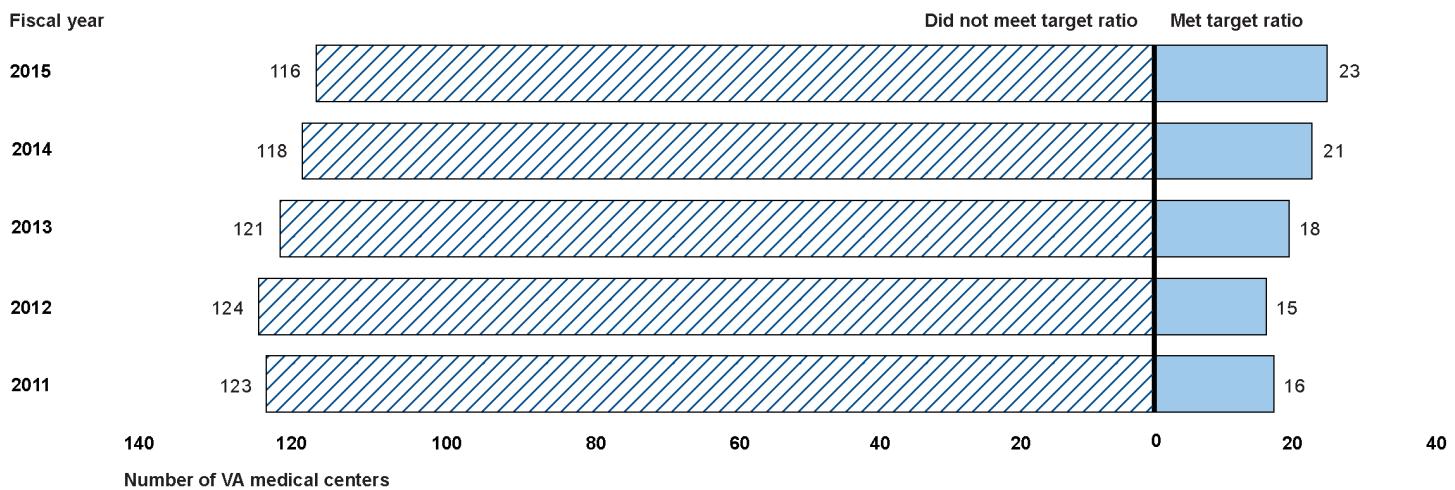
Note: Veterans Health Administration (VHA) data include permanent, temporary, full-time, and part-time employees in pay status. Data exclude medical residents and intermittent employees. Between fiscal years 2011 and 2015, the average total N=4,000 VHA human resources (HR) staff, and total average N=295,912 VHA employees in all occupations. Government-wide data include permanent, temporary, full-time, and part-time executive branch HR staff in pay status. Data do not cover the U.S. Postal Service, intelligence agencies, or judicial branch employees. Between fiscal years 2011 and 2015, the average total N=39,917 HR staff.

Most of the turnover is due to transfers to other federal agencies, followed by resignations and voluntary retirement. In fiscal year 2015 HR specialists transferred to other federal agencies at a rate six times higher than all VHA employees.

We found that between fiscal years 2011 and 2015, the majority of medical centers fell short of VHA's HR staffing goals, even with new hires to partially offset annual attrition (see figure 4). VHA established a target HR staffing ratio of 1 HR staff to 60 VHA employees to manage consistent, accurate, and timely delivery of HR services. However, in

fiscal year 2015 about 83 percent (116 of 139) of medical centers did not meet this target.<sup>26</sup> Of these 116 medical centers, about half had a staffing ratio of 1 HR staff to 80 VHA employees or worse. In other words, each HR employee at those medical centers was serving 20 to 80 more employees than recommended by VHA's target staffing ratio. According to the HR staff we interviewed, this has reduced HR employees' ability to keep pace with work demands and has led to such issues as delays in the hiring process, problems with addressing important clinical hiring initiatives, and an increased risk of personnel processing and coding errors.

**Figure 4: Few Department of Veterans Affairs (VA) Medical Centers Have Met the Target Ratio of 1 Human Resources Staff to 60 Employees, Fiscal Years 2011-2015**



Source: GAO analysis of Department of Veterans Affairs Personnel and Accounting Integrated Data, fiscal years 2011 to 2015. | GAO-17-475T

Note: N= 139 VA medical centers. Ratios reflect all Veterans Health Administration employees on board in both pay and non-pay status.

In addition, VHA's All Employee Survey results from 2015 indicate that HR staff reported feeling more burned out and less satisfied with their

<sup>26</sup>Although VHA has 168 individual medical centers, it reports data at the "parent" medical center level. There are 140 parent medical centers. However, one medical center did not have sufficient data to be included in our analysis.

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amount of work compared to the VHA-wide average in these areas.<sup>27</sup> Specifically, about 48.1 percent of those who identified as HR specialists reported being satisfied with the amount of work compared to about 62.5 percent of employees VHA-wide.

As noted above, as of mid-March 2017, VA has exempted 108 occupations from the current hiring freeze because VHA maintained they were necessary to meet VA's public safety responsibilities. However, the broad list of exemptions, ranging from physicians to housekeeping staff, did not include HR specialists, even though VHA ranked HR management as third on a list of mission critical occupations in its 2016 Workforce and Succession Strategic Plan.<sup>28</sup> Given the attrition rate that we identified among HR specialists and the HR staffing shortfalls at many VA medical centers, a prolonged hiring freeze could further erode VHA's capacity to provide needed HR functions.

In our 1982 report on hiring freezes under prior administrations, we concluded that government-wide freezes are not an effective means of controlling federal employment because they ignored individual agencies' missions, workload, and staffing requirements and could thus disrupt agency operations. We noted that improved workforce planning, rather than arbitrary across-the-board hiring freezes, is a more effective way to ensure that the level of personnel resources is consistent with program requirements.<sup>29</sup>

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### Weak Internal Control Practices Adversely Affect Key HR Functions

In our December 2016 report, we noted that weaknesses in HR-related internal control functions reduce VHA's ability to deliver HR services. Federal standards for internal controls require agencies to (1) establish an organizational structure that includes appropriate lines of accountability and authority, (2) evaluate the competencies of HR staff and ensure they have been appropriately trained to do their jobs, and (3)

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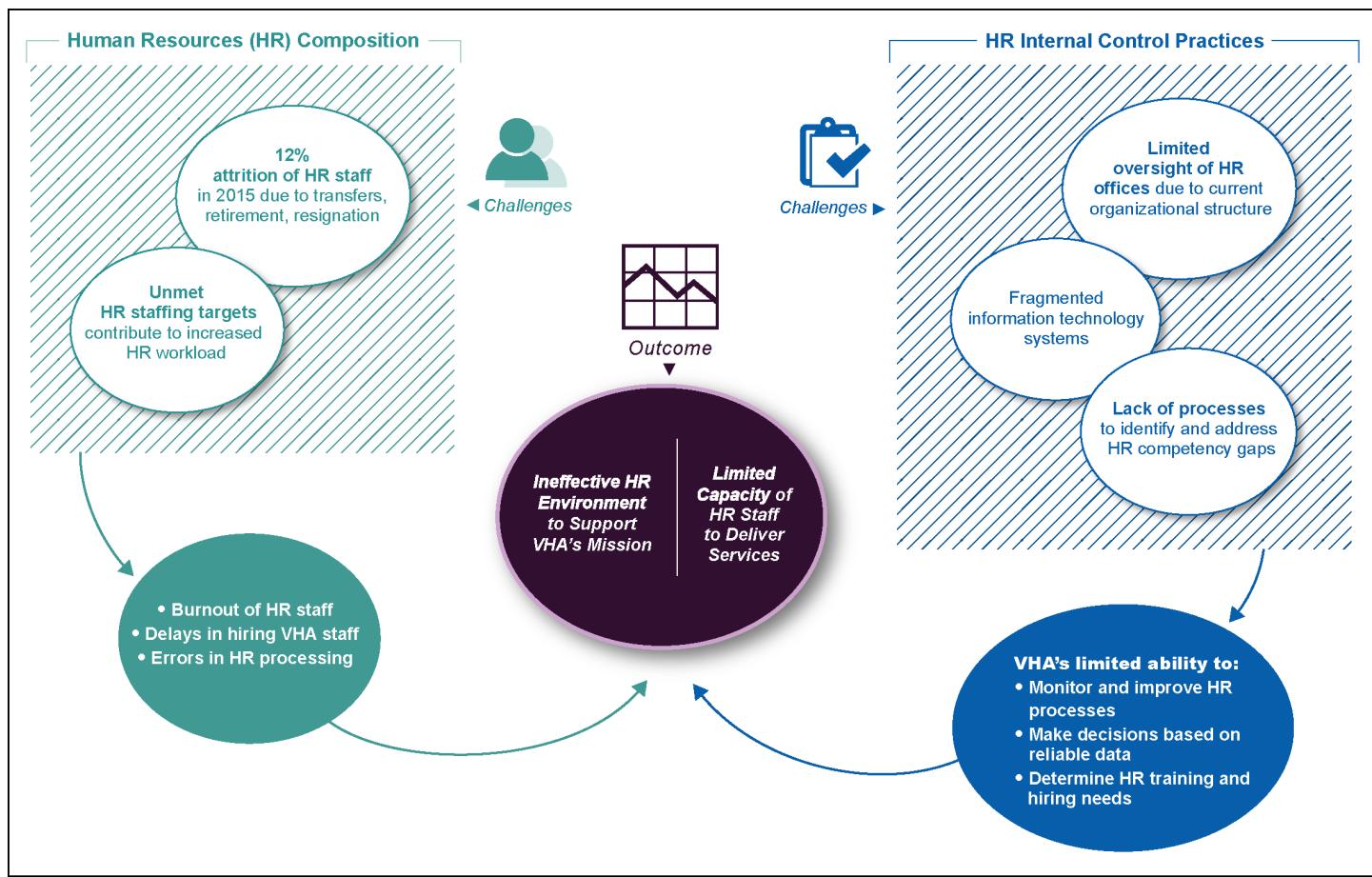
<sup>27</sup>VHA's National Center for Organization Development develops and administers the All Employee Survey, an annual census survey that is intended to gauge employees' experiences at VA. Among other things, the survey captures the extent to which employees feel burned out on their job on a scale from 0 to 6, with 0 meaning never, and 6 meaning every day.

<sup>28</sup>Veterans Health Administration, *VHA Workforce and Succession Strategic Plan, 2016* (2016).

<sup>29</sup>GAO, *Recent Government-Wide Hiring Freezes Prove Ineffective In Managing Federal Employment*, FPCD-82-21 (Washington D.C.: March 10, 1982).

design information systems to meet operational needs and use valid and reliable data to support the agency's mission.<sup>30</sup> We found shortfalls in each of these practices at VHA. Moreover, as shown in figure 5, the twin challenges of weak internal controls and limited HR capacity have had a compounding effect, creating an environment that undermines VHA's HR operations and impedes its ability to improve delivery of health care services to veterans.

**Figure 5: Long-standing, Systemic Human Capital Challenges Limit the Veterans Health Administration's (VHA) Ability to Effectively Manage and Deliver Human Resources Services**



Source: GAO analysis of Veterans Health Administration data. | GAO-17-475T

<sup>30</sup>GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G (Washington, D.C.: September 2014).

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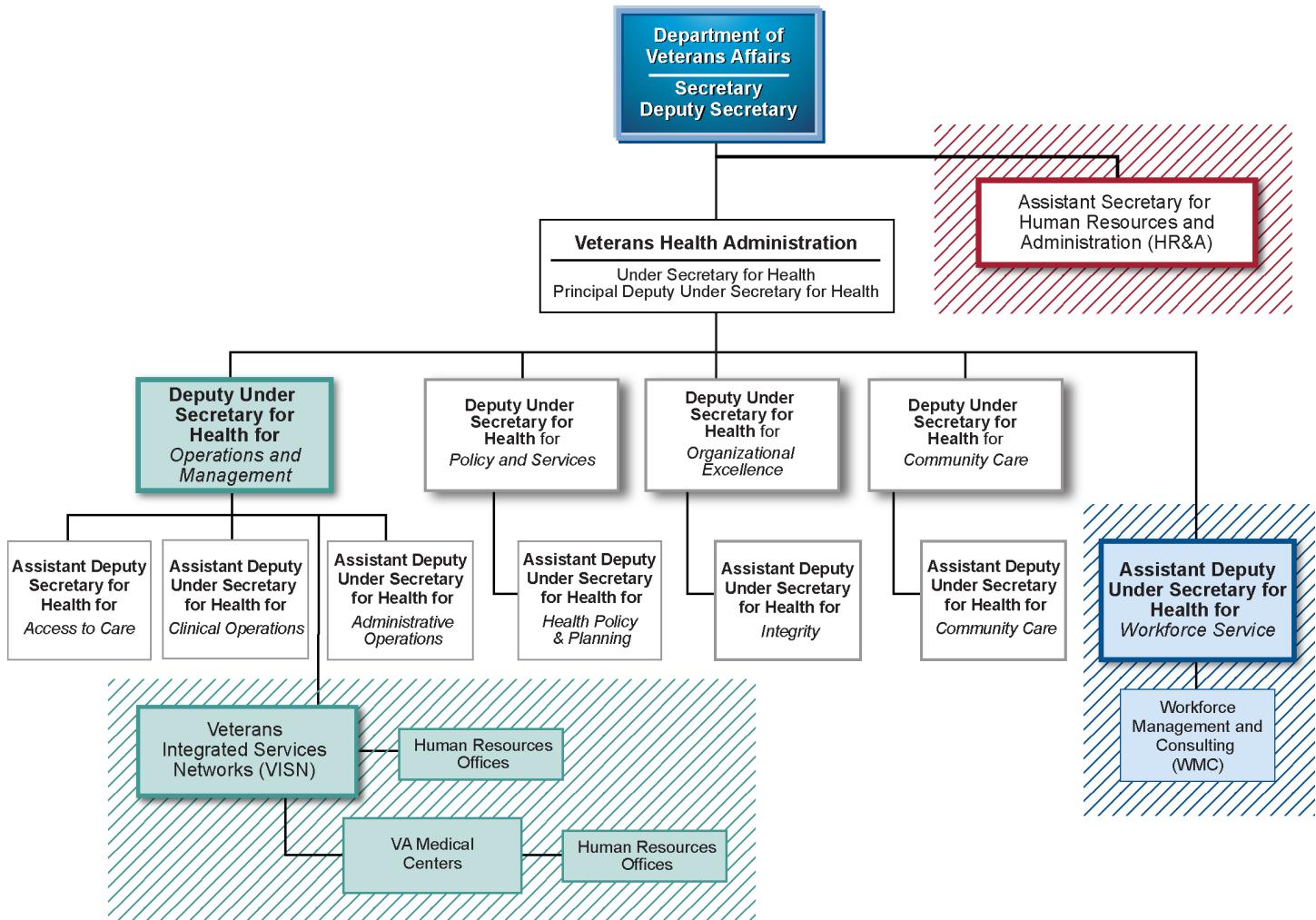
We reported that key areas for improvement include the following:

**Strengthen oversight of HR offices.** VHA is structured so that the central HR offices at VA and VHA have inadequate oversight of medical center HR offices in order to hold them accountable. This lack of oversight contributes to issues with VHA's capacity to provide HR functions and limits VHA's ability to monitor HR improvement efforts and ensure that HR offices apply policies consistently. Our Standards for Internal Control requires an agency's organizational structure to provide a framework for planning, directing, and controlling operations to achieve agency objectives.<sup>31</sup> VA and VHA's central HR offices are primarily responsible for developing HR policy, guidance, and training, while VISN and medical center HR offices are responsible for implementing HR policies and managing daily HR operations. However, as shown in figure 6, there is not a direct line of authority between the VISN and medical center HR offices and the central HR offices in VA and VHA.

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<sup>31</sup> GAO-14-704G.

**Figure 6: Department of Veterans Affairs' and Veterans Health Administration's Human Resources Organizations and Lines of Authority**



Source: GAO analysis of Department of Veterans Affairs data. | GAO-17-475T

Note: In addition to the Deputy and Assistant Deputy Under Secretary positions shown in this figure, the following positions also report to the Under Secretary for Health: Chief of Staff, Chief Officer of Readjustment Counseling Service, Executive Director of Research Oversight, and Chief of Nursing.

According to the director of VA's Office of Oversight and Effectiveness, the department's organizational structure enables medical center directors to effectively respond to the needs of veterans and other clients using available resources. However, VA and VHA HR officials with whom we spoke said that the organizational structure limits the department's

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ability to oversee individual HR offices, improve hiring processes, train HR staff, and implement consistent classification processes.

**Identify and address critical competency gaps.** Federal standards for internal control require an agency to ensure that its workforce is competent to carry out assigned responsibilities in order to achieve the agency's mission. Additionally, our prior work has identified principles for human capital planning that recommend an agency identify skills gaps within its workforce, implement strategies to address these gaps, and monitor its progress.<sup>32</sup> However, VA and VHA's model for assessing the competencies of HR staff is incomplete and fragmented. As one example, VHA's internal human capital reviews have consistently found that HR staff competencies are not being assessed and HR staff lack the necessary skills to deliver high-quality services. Further, although both VA and VHA provide a variety of training programs, HR staff with whom we spoke described barriers to completing them, including a lack of time to take training and train new hires, limited course offerings, and lengthy waiting lists for courses.

**Address long-standing information technology challenges.** To have an effective internal control system, agencies should design their information systems to obtain and process information to meet operational needs.<sup>33</sup> Likewise, our prior work on strategic human capital management notes that high-performing organizations leverage modern technology to automate and streamline personnel processes to meet customer needs.<sup>34</sup> Data that are valid and reliable are critical to assessing an agency's workforce requirements. However, VA faces long-standing, significant information technology (IT) challenges that include outdated, inefficient IT systems and fragmented systems that are not interoperable.<sup>35</sup> With respect to HR IT systems, in May 2016 we reported that VA's department-wide HR system, Personnel and Accounting

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<sup>32</sup>GAO, *Human Capital: Key Principles for Effective Strategic Workforce Planning*, GAO-04-39 (Washington, D.C.: Dec. 11, 2003).

<sup>33</sup>GAO-14-704G.

<sup>34</sup>GAO, *A Model of Strategic Human Capital Management*, GAO-02-373SP (Washington, D.C.: Mar. 15, 2002).

<sup>35</sup>GAO-15-290. Interoperability is the ability of two or more IT systems or components to exchange information and to use the information that has been exchanged.

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Integrated Data (PAID), is one of the federal government's oldest IT systems and that VA is in the process of replacing it.<sup>36</sup>

As part of efforts to replace PAID, VA is developing and implementing an enterprise-wide, modern web-based system called HR Smart.<sup>37</sup> VA officials told us that HR Smart will be implemented in phases across the department. According to agency documentation, HR Smart will enable HR staff to better manage information on employee benefits and compensation; electronically initiate, route, and receive approval for personnel actions; monitor workforce planning efforts and vacancies by medical center and across the department; and generate reports and queries.

As VA continues to develop and implement its new HR system, VHA HR staff must rely on several separate enterprise-wide IT systems to handle core HR activities such as managing personnel actions and hiring and recruiting efforts. HR staff with whom we spoke stated that the amount of time they spent entering duplicate data into four or more non-interoperable systems and reconciling data between the systems has made their jobs more difficult and has taken time away from performing other critical HR duties. According to VA officials, once HR Smart is fully implemented, it should reduce HR offices' reliance on multiple HR systems and local tools and help to streamline HR processes. For example, according to program documentation, VA plans to implement functionality in HR Smart that will allow managers to initiate, review, and approve basic personnel actions independently. In these cases, HR staff would no longer be responsible for data entry.

In conclusion, VHA's challenges recruiting and retaining clinical and HR employees are making it difficult for VHA to meet the health care needs of our nation's veterans. The prior reports on which this testimony is based made three recommendations to VA aimed at improving the oversight of nurse recruitment and retention initiatives and seven recommendations directed at strengthening VHA's HR capacity. Key recommendations included developing a process to help monitor medical centers' compliance with key nurse recruitment and retention initiatives and

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<sup>36</sup>GAO, *Information Technology: Federal Agencies Need to Address Aging Legacy Systems*, GAO-16-468 (Washington, D.C.: May 25, 2016).

<sup>37</sup>Note that we did not undertake a comprehensive assessment of HR Smart's system development and implementation as part of this review.

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establishing clear lines of authority between VA and VHA's central personnel offices and those offices in individual medical centers to hold them accountable for improving HR functions. VA concurred with our recommendations and said they are taking steps to implement them. We will monitor VA's progress in addressing our recommendations and report the results of those efforts to Congress.

Chairman Wenstrup, Ranking Member Brownley, and Members of the Subcommittee, this completes our prepared statement. We would be pleased to respond to any questions that you may have.

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